

Message Text

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C O N F I D E N T I A L BRUSSELS 2773

E.O. 11652: GDS
TAGS: BEXP, US, CG, BE
SUBJECT: WESTINGHOUSE/ACEC INVOLVEMENT IN SECOND STAGE
OF INGA II

REF: STATE 87668

1. SUMMARY. GOB IS UNWILLING TO SUPPORT FURTHER ACEC INVOLVEMENT IN INGA II UNLESS RELATIONS WITH ZAIRE IMPROVE. EVEN THEN EXPORT GUARANTEE WOULD BE MORE LIKELY THAN SOFT LOAN. GOB IS MAKING OVERTURES TO ZAIRE FOR IMPROVED RELATIONS. FOREIGN MINISTRY WISHES TO LIMIT COMMENTS TO ACEC ON GOB POSITION. END SUMMARY.

2. EMBOFF ASKED FONOFF AFRICA DIRECTOR LEBRUN MAY 3 WHETHER GOB WOULD BE WILLING TO PROVIDE CONCESSIONAL FINANCING FOR SECOND STAGE OF INGA II. IN REPLY LEBRUN SAID GOB SUPPORT FOR FURTHER ACEC INVOLVEMENT IN INGA II WOULD DEPEND ON PROGRESS MADE IN RESTORING NORMAL BEIGIAN-ZAIRIAN RELATIONS FOLLOWING ESTRANGEMENT OF LAST FEW MONTHS. HE NOTED THAT BELGIAN EMBASSY STAFF IN KINSHASA STILL OSTRACIZED BY GOZ, THAT ZAIRIAN AMBASSADOR REMAINS IN ZAIRE FOR CONSULTATIONS, AND THAT ISSUES RAISED BY NATIONALIZATION OF BELGIAN PROPERTY NOT YET RESOLVED.

3. TO BREAK IMPASSE, NEW BELGIAN GOVERNMENT'S PROGRAM EXPRESSES WISH REPIDLY TO RESOLVE PROBLEMS EXISTING WITH ZAIRE AND UNDERLINES IMPORTANCE OF "LIVING ON GOOD TERMS AND IN COOPERATION WITH THAT GREAT AFRICAN
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NATION AND ITS LEADERS AND HANDLING FUTURE RELATIONS WITH

THEM IN A SPIRIT OF MUTUAL CONFIDENCE AND RESPECT FOR THE SOVEREIGNTY OF BOTH STATES." PRIME MINISTER THINDEMANS MOREOVER, WILL SEND LETTER TO MOBUTU SOON, POSSIBLY WEEK OF MAY 5, EXPRESSING DESIRE FOR CONTINUED COLLABORATION AND REQUESTING AGREEMENT FOR NEW BELGIAN AMBASSADOR.

4. LEBRUN SAID THAT EARLIER THIS YEAR ACEC HAD REQUESTED EXPORT GUARANTEE OF ONE AND ONE-HALF BILLION BF (\$37.5 MILLION) FROM BELGIAN PARASTATAL EXPORT CREDIT AGENCY, OFFICE NATIONAL DU DUCROIRE, FOR PARTICIPATION IN SECOND STAGE OF INGA II. SUCH A GUARANTEE, HOWEVER, IS POSSIBLE ONLY IF BELGIAN GOVERNMENT RAISES PRESENT CEILING ON DUCROIRE OPERATIONS. NEW GOVERNMENT IS NOT DISPOSED TO TAKE SUCH ACTION UNLESS RELATIONS WITH ZAIRE IMPROVE. (AS REPORTED IN BRUSSELS 7258, PROPOSALS TO RAISE FINANCIAL CEILINGS ON ZAIRIAN OPERATIONS OF DUCROIRE AND EXPORT PROMOTION AGENCY, COPROMEX, WERE SUSPENDED FOLLOWING ANNOUNCEMENT OF NEW NATIONALIZATION MEASURES IN ZAIRE LAST NOVEMBER 30.) LEBRUN SAID THAT IF RELATIONS IMPROVED SUFFICIENTLY, GOB WOULD BE WILLING TO FOLLOW UP INITIATIVES USG MIGHT TAKE WITH GOZ IN FAVOR OF WESTINGHOUSE/ACEC BY RAISING DUCROIRE CEILING. HE SAID HE WAS NOT AWARE THAT ACEC HAD MADE ANY REQUEST FOR A SOFT LOAN TO ZAIRE FOR STAGE TWO.

5. GEORGES HUBERT, ASSISTANT TO GENERAL MANAGER OF CONVENTIONAL POWER SYSTEM DIVISION OF ACEC, ALSO HAS CONTACTED GOB OFFICIALS, INCLUDING SEVERAL STAFF MEMBERS OF MINISTRY OF FOREIGN TRADE AND FOREIGN AID DIVISION OF FOREIGN MINISTRY, RE INGA II. HUBERT, WHO IS KEEPING IN TOUCH WITH EMBASSY, SO FAR HAS RECEIVED ONLY NON-COMMITAL REPLIES FROM GOB CONTACTS. ACCORDING TO LEBRUN, HE WILL GET NO DEFINITE REPLY UNTIL SITUATION CLARIFIES. LEBRUN REQUESTED THAT ANY COMMENTS BY US OFFICIALS TO WESTINGHOUSE/ACEC ON GOB INTENTIONS BE LIMITED TO NOTING POSITION THAT FREEZE IN RELATIONS WITH ZAIRE AND DUCROIRE CEILING PRECLUDE ACTION FOR TIME BEING.

6. COMMENT: GOB PROBABLY WILL BE WILLING EVENTUALLY TO GRANT EXPORT GUARANTEE TO ACEC THROUGH DUCROIRE.
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PROSPECTS FOR SOFT LOAN, HOWEVER, ARE MUCH LESS PROMISING AT PRESENT DUE TO STATE OF BELGIAN-ZAIRIAN RELATIONS. BELGIAN OFFICIALS FEEL MOBUTU PROVOKED LATEST CRISIS IN RELATIONS. AS RESULT THEY ARE NOT IN GENEROUS MOOD TOWARD ZAIRE. ADDITIONAL FACTOR IS ABSENCE FROM SCENE OF FORMER MINISTER FOR COOPERATION AND DEVELOPMENT HARMEGNIES, WHO EXCEEDED HIS JURISDICTION TO PROMOTE LOAN FOR FIRST STAGE IF INGA II AS BOOST FOR

HIS HOME DISTRICT OF CHARLOI. ALTHOUGH PRESENT SITUATION HAS BEEN MADE SOMEWHAT UNCLEAR BY FACT THAT RESPONSIBILITY FOR FOREIGN TRADE IS IN PROCESS OF BEING TRANSFERRED FROM FOREIGN MINISTRY TO NEW SEPARATE MINISTRY, LEBRUN SAYS THAT FOREIGN TRADE STAFF SUPPORTS FOREIGN MINISTRY'S PRESENT POSITION ON INGA II. ON OTHER HAND, NEW MINISTER FOR FOREIGN TRADE IS FROM WALLONIA AND SAGGING WALLONIAN ECONOMY COULD USE LIFT ACEC INVOLVEMENT IN STAGE TWO WOULD BRING. 7. THUS, WHILE PROSPECT OF SOFT BELGIAN LOAN CANNOT NOW BE FIRMLY HELD OUT TO ENTICE MOBUTU TO SWITCH PROPOSED CONTRACT FROM GERMANS TO WESTINGHOUSE/ACEC, STRONG INDICATION THAT CONTRACT WOULD BE AWARDED TO WESTINGHOUSE/ACEC IF LOAN WERE FORTHCOMING COULD BE PERSUASIVE ARGUMENT TO COAX LOAN FROM GOB. STRAUSS-HUPE

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